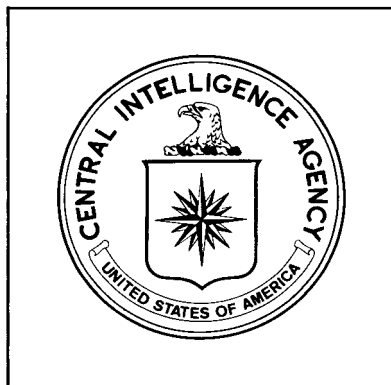


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This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

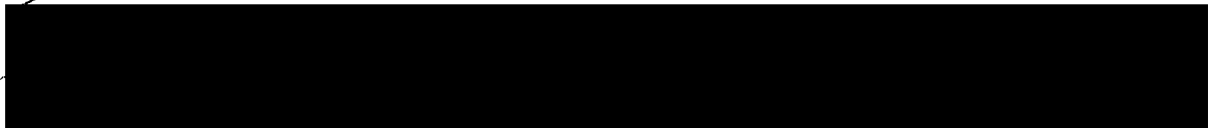
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Soviet Press on Central Committee
Foreign Policy Resolution

The Soviet central press has editorialized at length on last week's party Central Committee plenum, fleshing out the bones of the published foreign policy resolution. *Pravda's* lead editorial on April 17 is apparently a sanitized version of Foreign Minister Gromyko's report to the plenum. Both *Pravda* and *Izvestia* have echoed the confident, relatively tough tone of the plenum resolution itself, tempering endorsements of detente with sharp reminders that powerful reactionary forces in the US are "complicating" bilateral relations.

On the positive side, *Pravda* praised the state of Soviet relations with the US and the other major Western powers, pointing to the "enormous significance" of the strategic arms agreement reached at Vladivostok. (Brezhnev's successful summitry there and elsewhere in behalf of detente is applauded by both papers.) In another paragraph the party organ reiterated that the USSR remains a champion of military detente.

Pravda and *Izvestia* both attacked US trade legislation, however, and firmly rejected discrimination and attempts at interference in Soviet internal matters. *Pravda* noted that "it is supposed" in the USSR that the US will repeal the offending legislation.

Both papers replayed familiar Soviet themes regarding world trouble spots such as Vietnam, Cambodia, and Cyprus. The Middle East Peace Conference was invoked as essential to progress in that region, but no timetable was set out, suggesting Soviet uncertainty and perhaps flexibility on that question.

China, which was not mentioned at all in the plenum resolution, received its usual lumps in *Pravda's* summary of the deliberations of the Central Committee. The plenum reportedly concluded that nothing can be done at this time to improve relations between the two nations. (CONFIDENTIAL)

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European CP Conference Preparations
Beset by Soviet Pressure

The third session of the committee that is drafting documents for the European Communist conference will reportedly open in East Berlin in about two weeks. It will attempt to undercut Soviet initiatives that the Yugoslav and Italian parties particularly oppose.

25X6 News of both the coming meeting and the trouble-ridden gathering in East Berlin during April 8-10 [REDACTED]

[REDACTED] the Soviets are trying hard to bring independent-minded parties into line.

25X6 [REDACTED] the first meeting of the committee in February made little progress. At the second meeting during April 8-10, however, the Soviet representatives strongly argued that the formal conference should issue two documents that would be binding on all participants: A propaganda resolution intended to foster rapprochement between European Communist parties and leftist parties, such as socialists and social democrats; and a collection of principles intended to impose common behavior on European Communist parties.

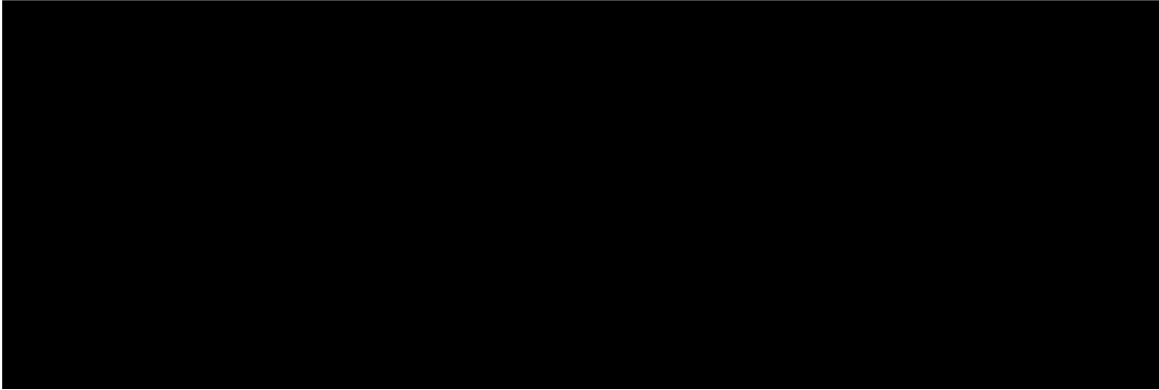
The need to hold a third session of the drafting committee lends considerable credence to the informant's remarks, and there is little, if any, doubt that the CPSU's approach provoked strong Italian and Yugoslav opposition.

The latter parties, together with the Romanians, have feared from the outset that the Kremlin would use the formal conference to reassert hegemony over the European Communist movement.

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In any event, the recent stridently independent tone of the Bucharest press clearly suggests that the Romanians, Italians, and Yugoslavs will continue their common efforts to hold Moscow to the original guiding principles of the conference--unanimity on all documents, plenary sessions for all "important work," and no programmatic or binding documents. (CONFIDENTIAL)

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Dolanc and Kardelj on
Yugoslav-Soviet Relations

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Yugoslavia's two most influential leaders aside from Tito, Executive Committee secretary Stane Dolanc and Presidium member Edvard Kardelj, last week assured [REDACTED] they continue to distrust the Soviets and are determined to follow an independent path.

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In a discussion of why Moscow has been trying to belittle the Yugoslav role in World War II (*Staff Notes*, April 11, 14, 16, 18), Dolanc said bluntly that "first and most important one must remember that the Soviets are not talking about the past; they are talking about the present and the future." Dolanc said that the change in Soviet attitudes over the last several years was "only one of degree." He agreed [REDACTED] that the changes are tactical and not strategic and that long-range Soviet objectives are unchanged.

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Kardelj said that the Cominformists had support from some Soviet leaders, but "not from Brezhnev personally," and stressed that the threat of the Cominformists inside Yugoslavia is insignificant. He said that Belgrade will move neither East nor West, but will continue to follow its own independent path.

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Hungarian - West German Talks

Recent consultations between Foreign Ministry officials indicate that both Budapest and Bonn are generally satisfied with the development of bilateral ties, [REDACTED] The Hungarians did, however, express concern over their large trade deficit with the FRG and renewed their demands for World War II reparations (*Staff Notes*, January 24). Budapest seems prepared to press these issues again when Foreign Minister Puja visits Bonn in late May.

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During the talks, Hungarian Deputy Foreign Minister Nagy reportedly spoke grandiosely about large-scale West German assistance for Budapest "along the lines of the Marshall plan." He pressed for compensation for goods removed from Hungary at the end of the war, and claimed that Hungary's "significant" loss had contributed to the post-war German economic miracle. It is unclear whether Nagy reiterated the Hungarian demand for a joint commission to settle claims.

Hungarian overtures may be part of a Soviet-inspired effort to step up economic demands on West Germany, although there is no evidence to this end. Budapest itself may see reparations as a way to offset last year's large trade deficit with Bonn. Nagy pointedly said that some way must be found to reduce the deficit, but added that Budapest does not want to cut down on its imports. The Germans are not eager to give credits or concessions, and skirted the issue by suggesting increased attention to joint ventures that would lessen Hungarian hard currency expenditures.

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On European-wide economic issues, Nagy argued against any role for the EC in economic relations between the Western and Eastern European countries. He said Budapest does not want a CEMA-EC agreement that would transfer responsibility for trade matters from individual countries to CEMA, and is unwilling to negotiate a trade agreement directly with the EC, even though it is dissatisfied with the present lack of a contractual basis for trade. Nagy's assertion that Hungary opposes a CEMA-EC agreement covering trade affairs implicitly puts Budapest at odds with Moscow, which has been pressing for some type of CEMA-EC agreement. In the absence of a firm reading on what type of accord the Soviets want, however, the depth of the differences is difficult to gauge.

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Both sides expressed satisfaction at the great increase in travel between the two countries. German figures show that 380,000 West Germans visited Hungary in 1974, while 60,000 Hungarians visited the FRG. (CONFIDENTIAL)

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East German Trade Deficit with the USSR:
A Sign of the Future

Higher prices for Soviet raw materials, as well as East Germany's limited capacity for increasing exports, has reportedly spurred SED First Secretary Honecker to ask Moscow for credits to help finance imports. East Germany registered a \$56-million trade deficit with the Soviet Union in 1974, the first since 1970. An even larger deficit is likely this year.

East German exports to the USSR did not increase significantly last year, apparently because of East Germany's inability to meet Soviet demands for particular kinds of equipment. In addition, East Berlin has agreed not to exceed export quotas set by Moscow. East Germany had previously pushed for overfulfillment of the quotas, delivering goods that were either of poor quality and not saleable on the world market or not really needed by the Soviets. Growing domestic requirements and the push to increase exports to the West have also reduced sales to the USSR. (SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/BACKGROUND USE ONLY/CONTROLLED DISSEM)

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Poles Doubt Government's Explanations
for Meat Shortages

Many Poles apparently are unconvinced by Warsaw's explanations as to why there were meat and milk shortages during February and March.

The regime has presented a number of reasons for the shortages, including a long economic analysis that appeared in the socio-political weekly *Polityka* on March 15. Letters from *Polityka*'s readers, published on April 5, show a doubting and sometimes cynical side of Polish public opinion that is not often exposed.

None of the letters agreed with the explanation offered in *Polityka*. Some readers criticized the economic statistics cited in the article, and many others were doubtful of its assertion that exports had no significant impact on the availability of meat. One writer went so far as to say that "although for 30 years we have become used to misinformation in the press, what you write in your article is the limit." The author has replied to these comments, but, according to the US embassy, his answer is unlikely to be any more convincing than his original statements.

Polityka's respected and often controversial chief editor, Mieczyslaw Rakowski, has often been in hot water with the regime, but has nevertheless managed to maintain good access to the leadership. His standing was so good, in fact, that in March 1973 *Polityka* and the party daily *Trybuna Ludu* were exempted from prior censorship. The embassy reports, however, that Rakowski was personally reprimanded by Gierek during the First Secretary's meeting with the press on January 29. Rakowski reportedly pointed out that, despite the government's efforts to satisfy consumers, he continued to receive letters critical of consumer policies.

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Rakowski apparently published the current spate of critical letters as a form of saying "I told you so." His audacity has led to rumors in Warsaw that he is "in trouble" again, but his reputation and influence will probably prevent the kind of retribution that would befall a lesser known editor. (CONFIDENTIAL)

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Agricultural Investments Exceeding
Five-Year Plan Goals

The Soviet agricultural sector, accustomed to seeing its investments continually siphoned off for other, higher priority sectors during past five-year plans, is not only retaining all its funds in the current five-year plan but is receiving even more resources than planned. The 1971-75 five-year plan investments in agriculture have risen from an originally announced preliminary goal of 120.6 billion rubles in 1970 to the official 128.6 billion goal in 1971 and now to a recently announced new figure of 131.8 billion. Agriculture's success at holding and even expanding its share of Soviet resources reflects Brezhnev's unremitting support and also the strenuous efforts by State Planning Commission (Gosplan) First Deputy Chairman T. I. Sokolov to protect agricultural interests in the planning bureaucracy.

The new priority for agriculture was dramatically underscored by the recent revelation that 2.8 billion rubles more than planned have already been invested in agriculture during the current five-year plan; Sokolov himself was first to announce this and the new total five-year plan figure. In a March 1975 *Economics of Agriculture* article, Sokolov declared that the state and kolkhozes would invest 131.8 billion rubles in agriculture (including both production and non-production projects) for the 1971-75 period, and he bragged that during the first four years of the present five-year plan, the original investment goal for agriculture had been overfulfilled by 2.8 billion rubles.

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Although much of the rise comes from kolkhoz funds, it appears that almost half comes from an increase in state investments. A substantial part of the rise in state investments apparently is in non-production rural projects (housing, kindergartens, clubs and other facilities), as against the production category. Non-production expenditures have traditionally enjoyed less support than those which result in increased production.

The current overfulfillment of agricultural investments is in sharp contrast to previous five-year plans, when planners customarily diverted agricultural funds to heavy industry and defense. Thus, when Brezhnev pushed through a big new boost in agricultural investments in the spring of 1970, he moved to protect this increase by placing long time agricultural lobbyist T. I. Sokolov in Gosplan as first deputy chairman. Sokolov immediately wrote an article in the September 1970 issue of Gosplan's organ *Planned Economy*, warning that "attempts to resolve particular economic problems at the expense of agricultural development must be decisively suppressed."

Sokolov quickly took two important initiatives. He assigned quotas to ministries starting in January 1971 to force them to fulfill deliveries of machinery, parts, and fertilizer to agriculture. Also starting in January 1971, he moved to protect investments in non-production agricultural projects by tying these to planning of agricultural production projects. Previously, construction of rural housing, kindergartens, clubs, and other such facilities was scattered among such low-priority planning categories as education and culture, housing, and public services.

Sokolov clearly worked hard to change Gosplan's anti-agriculture bias and to block any nibbling away

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of agricultural allocations. Moreover, in a February 1971 *Economics of Agriculture* article, Sokolov declared that the task was not just to utilize all the funds allocated to agriculture, "but also to seek out additional sources for overfulfilling the capital construction plan." The recent overfulfillment in investment is testimony to Sokolov's success, and in his March 1975 article he declared that the 2.8 billion-ruble overfulfillment of investments represented an important change in Gosplan's attitude toward agriculture. (CONFIDENTIAL)



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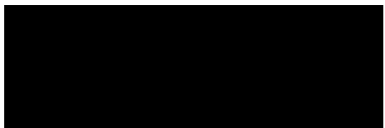
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Exchange over "Dubcek Letter" Cools
Prague's Relations with Sweden

A bitter exchange in the press between Czechoslovak party boss Husak and Swedish Premier Palme threatens to disrupt the relatively placid relations that the two countries have enjoyed in recent years.

Palme's exploitation of the "Dubcek letter" on April 13 to reiterate Stockholm's well-known displeasure with the immediate post-1968 situation in Czechoslovakia evidently brought latent differences to the surface. In the speech to the National Front on April 15 in which Husak condemned Dubcek's acts of dissent, he added that Palme could have the ousted party leader as an expert on democratic socialism. Palme could hardly miss either this personal insult or Husak's sarcasm in professing his own "great esteem for the Swedish people." After weighing Husak's remarks, Palme on Saturday reportedly attacked the Prague leadership. The ball is now in Prague's court and there have been rumors that the regime might even recall its ambassador. (CONFIDENTIAL)

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